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Ms. Marlene Dortch, FCC Secretary Federal Communications Commission 445 12<sup>th</sup> St. SW Washington, DC 20554

Ms. Dortch,

JUL 1 9 2007
FCC MAILROOM

Please include this letter in the record for FCC 07-32, MB 07-51.

I am writing to represent Hyperband Networks (HBN) in hopes of informing the FCC to seriously consider its actions related to the elimination of Exclusive Service/Access Contracts (EC).

Hyperband Networks is a Wholesale ISP Services provider to over 18 Private Cable Operators (PCO's) throughout the United States that provide communications services solely to Multi-Dwelling Units (MDU's). Our company supports High Speed Internet services at over 220 properties and manage over 16, 500 active subscribers in our management platform, *MDU Connect*. With the growth of some of our Private Operators, we expect that number to be as high as 50,000 subscribers by the end of the year. We have 10 employees and project to have over 2 million in revenue in 2007.

Our business of servicing the Private Operator market is completely dependent on those companies' abilities to have certain mechanisms in place that allow their businesses to be successful. A major component of the PCO business is having exclusivity on a chosen medium over a term period of time. While exclusivity from the outside looking in seems anti-competitive, please take these points into consideration.

- Exclusive Contacts benefit residents because they give the MDU more leverage in negotiating with franchised cable and the RBOC's. Single family home customers have no such leverage. With this leverage MDU residents get better products and services. Private Operators allow this to happen.
- > PCO Contracts, although exclusive, typically include provisions that require the PCO to provide comparable or better products and service, even as technology changes over time.
- Private Operators require capital to build systems to provide video, voice, and data. Without exclusivity, most conventional capital sources are diminished for PCO's and ultimately can be a significant detriment to their ability to function as a business.

At the end of the day, if our market segment of Private Operators is hampered by this rulemaking, then HBN's ability to operate as a business is significantly impacted. I strongly urge the members of the FCC to consider their actions and take the time to thoroughly understand why the negation of exclusive contracts has the ability to prevent competition in a specialized market segment instead of fostering competition.

Best Regards,

Christian Diener

Director of Business Development

**Hyperband Networks** 

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July 13, 2007 Ms. Marlene Dortch FCC Secretary Federal Communications Commission 445 12th Street SW Washington, DC 20554

**RECEIVED & INSPECTED** JUL 1 9 2007

FCC - MAILROOM

Re: Response to Notice of Proposed Rule Making, FCC 07-32

Ms. Dortch,

Please include this letter as part of the record for FCC 07-32, MB 07-51.

I have personally been involved in the business of providing video, voice and data services to residential and business customers for more than 25 years. During that time I have worked with large cable companies (MSO's), private cable companies (PCO's), and provided contract labor and consulting services to both MSO's and PCO's.

I am currently working with Aloha Satellites, Inc., a PCO that provides video and high-speed Internet access services to MDU's in Hawaii. We are one of the few competitors of Time Warner (Oceanic) in Hawaii. We typically negotiate exclusive contracts in the 10-year range. Due to the high initial capital expense associated with system build-outs, it can take up to five years to break-even on our investment. We may not even start to generate a profit until the latter half of our contract term. If exclusive contracts are eliminated and we are required to share our customer base with Time Warner, we would experience a greatly diminished return-oninvestment or possibly none at all. If this were the case, we would no longer be able to compete and stay in business.

I can think of no greater blow to PCO's and other small-business competitors of the large cable / mega-phone companies than the elimination of exclusive contracts. Eliminate exclusive contracts and you will succeed in eliminating small businesses like Aloha Satellites.

Joseph R. Jarmusch

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